



Andrew M. Chaban  
Chief Executive Officer

December 13, 2004

**VIA FACSIMILE**

The Owners of Captain Parker Arms Apartments  
125 Worthen Road  
Lexington, MA 02421

**RE: Offer to Purchase  
94 Apartment Homes  
Lexington, MA 02421**

Dear Owners:

Pursuant to our recent conversations and after completing an initial site review, outlined below please find the terms and conditions under which an affiliate of Princeton Properties ("Princeton") would be interested in purchasing the above referenced asset.

**Price:** \$16,450,000

**Terms:** All cash at closing.

**Deposit:** One Hundred Thousand Dollars (\$100,000.00) due at signing of a mutually acceptable Purchase and Sale Agreement for any accepted portfolio offer.

**Buyer:** An affiliate of Princeton Properties of Lowell, MA

**Diligence:** Sixty (60) days from acceptance of offer and an additional thirty (30) days for closing. Buyer may elect to extend due diligence period with Seller's consent, not to be unreasonably withheld or delayed for items to which Buyer has not been satisfied, and Seller agrees that Buyer is working in a diligent manner to satisfy legitimate concerns.

We would ask that all hazardous waste studies, lead paint studies, asbestos studies and other potential environmentally sensitive surveys be forwarded for review by Princeton, its lenders and its Counsel. As well, we would ask for any documents regarding historical or outstanding structural deficiencies or municipal citations be sent to us and/or delivered to us for investigation. Upon acceptance of an offer, we will formally introduce our due diligence professionals and those of our lender to the site for review.

*Captain Parker Arms Apartments*  
*Page Two*

Management: After the Purchase and Sale Agreement is consummated, Princeton would respectfully request that it reviews all future rental applications as staff or agents take them.

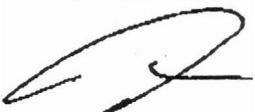
Brokerage: The Seller is responsible for all commissions.

Counsel: Jeffrey Brown, Princeton Properties  
Edward Saxe, Esq., Bingham McCutchen LLP

Please note that this offer will not bind either party legally until we have executed a mutually acceptable Purchase and Sale Agreement.

We deem Captain Parker Arms Apartments to be a natural fit to our acquisitions criteria, allowing expansion of our presence as a leader in apartment ownership and management in New England. Please note that acquisition of a fractional interest in the Ownership would also be considered. This offer is valid through Monday, December 20, 2004.

Very truly yours,



Andrew Chaban

**RUBIN AND RUDMAN LLP**

COUNSELLORS AT LAW

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Gary C. Crossen  
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December 16, 2004

**BY FACSIMILE AND FIRST CLASS MAIL**

Mr. Andrew Chaban  
Chief Executive Officer  
Princeton Properties  
Princeton Corporate Center  
1115 Westford Street  
Lowell, MA 01851

Re: Captain Parker Arms Apartments

Dear Mr. Chaban:

I represent Charlene Dorman, who is currently the managing partner of the Captain Parker Arms Partnership. I also represent the members of the Dorman family, who combined own the majority interest in the Partnership and who are in litigation relating to the partnership brought by the minority interest holders, the members of the Tropeano family. I write in response to your offer to purchase dated December 13, 2004.

Ms. Dorman has evaluated your offer and rejects it. The Captain Parker Arms Apartments are not being actively listed for sale. Of course, Ms. Dorman will consider any future, good faith, offer to purchase that you desire to make.

I understand that you may have expressed an interest in the property as a result of some connection you, or Princeton Properties, may have either with members of the Tropeano family, which holds the minority interest in the partnership, or with the lawyer for the Tropeanos, Thomas Ciampa. In fact, you apparently chose to route your offer to purchase through Mr. Ciampa to me for conveyance to the majority interest holders.

In your offer to purchase, you note that Princeton Properties would consider "acquisition of a fractional interest" in the property. The Tropeanos own 42.86% of the ownership interest in the property. While I do not have authority to offer their shares for sale, hypothetically they may be interested in a sale of their interest. Please advise both me and Mr. Ciampa (a) whether you would be interested in acquiring a 42.86% interest in the property; and (b) if so, what price you offer for that interest. In addition, if you are interested in purchasing that minority interest, the

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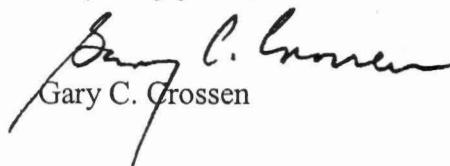
December 16, 2004

Page 2

majority interest holders, the Dormans, would be interested in meeting you and any other representatives of Princeton Properties. If you are not interested in the 42.86% interest, please advise what "fractional interest" you had in mind.

My clients look forward to your response, which you may route directly to me rather than through Mr. Ciampa's office.

Very truly yours,

  
Gary C. Grossen

cc: Ms. Charlene Dorman  
Mr. Todd Dorman  
Thomas M. Ciampa, Esq.